



County of Los Angeles CHIEF EXECUTIVE OFFICE

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LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

May 13, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF HEALTH SERVICES: APPROVAL OF AMENDMENTS TO
FINANCIAL MANAGEMENT SERVICES AGREEMENTS
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

To request Board approval to extend two financial management services agreements for Health Care Plan and Commercial Insurance Safety Net Services and Out-of-State Medicaid Billing Services through March 31, 2009, with reimbursement on a contingent fee basis.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and authorize the Director of Health Services (Director), or his designee, to sign Amendment No. 1 to Contract No. H-700880 with Clark, Mascaro, and Aziz, P.C. to assist County hospitals, health centers, and comprehensive health centers with Health Care Plan and Commercial Insurance Safety Net services effective July 1, 2008 through December 31, 2008, with delegated authority to extend the Agreement for three additional, one-month automatic renewal periods through March 31, 2009.
2. Approve and authorize the Director, or his designee, to sign Amendment No. 3 to Contract No. H-300049 with Great Lakes Billing Services to assist County hospitals, health centers, and comprehensive health centers with Out-Of-State Medicaid Billing Services (OSMBS) effective September 1, 2008 through December 31, 2008, with delegated authority to extend the Agreement for three additional, one-month automatic renewal periods through March 31, 2009.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Board approval will enable the Department of Health Services (Department or DHS) to enter into Amendments, substantially similar to Exhibits I and II, with Clark, Mascaro, and Aziz, P.C. (CMA) and Great Lakes Billing Services (GLBS), respectively, and will allow the Department to continue to receive revenues generated by both vendors while the Department completes Request for Proposals (RFP) solicitations for both services. The current Agreements with CMA and GLBS expire on June 30, 2008 and August 31, 2008, respectively. Failure to secure the recommended amendments may result in losses in forecasted revenue, negatively impacting DHS' budget.

FISCAL IMPACT/FINANCING

For Fiscal Year (FY) 2006-07, CMA and GLBS assisted DHS in generating a total of \$1.6 million in net revenue. The projected net revenue estimate for FY 2007-08 is also approximately \$1.6 million. The estimated contingency fees for each vendor during FY 2007-08 were approximately \$222,000 for CMA and \$45,000 for GLBS. Both vendors will continue to be paid a percentage contingent fee based on the revenue collected as a direct result of their services.

Funding to pay contingency fees is included in the FY 2008-09 Proposed Budget and will be requested in future fiscal years. There is no impact on net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Clark, Mascaro and Aziz, P.C.

DHS bills health care plans and commercial insurance for patient accounts with identified insurance coverage. After DHS has exhausted its in-house efforts, the accounts are referred to CMA.

On December 23, 2004, your Board approved an Agreement with CMA effective January 30, 2005 through June 30, 2008, to provide Health Care Plan and Commercial Insurance Safety Net Services (HCPCISN Services) which serve as a secondary check on potential reimbursement resources to ensure the maximum amount of health care plan and commercial insurance collections are recovered for accounts which have been written off as uncollectible or underpaid.

Great Lakes Billing Services

DHS identifies patient accounts with out-of-state Medicaid eligibility to ensure all sources of revenue are maximized. The out-of-state Medicaid patient accounts are referred exclusively to the current contractor.

On February 11, 2003, your Board approved an Agreement with GLBS effective February 11, 2003 through June 30, 2006, for the provision of OSMBS at County hospitals, health centers, and comprehensive health centers. OSMBS provides a detailed analysis of patient accounts for determination of potential eligibility for Medicaid in the other 49 states, Washington, D.C., and the territories. Medicaid eligibility and billing requirements differ from state to state and consist of highly specialized and technical information.

On May 2, 2006, your Board approved an extension, effective July 1, 2006 to June 30, 2007.

On May 15, 2007, your Board approved a contract extension through August 31, 2008.

The Agreements with CMA and GLBS include provisions for termination, with or without cause upon giving 30 days notice.

County Counsel has reviewed and approved Exhibits I and II as to form.

CONTRACTING PROCESS

The Department is anticipating the release of the HCPCISN Services RFP in May 2008, and the release of the OSMBS RFP in June 2008.

It is not appropriate to advertise amendments on the Los Angeles County Online Web Site as a contract/business opportunity.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations ensures that the services currently provided by CMA and GLBS continue uninterrupted. Failure to secure the recommended amendments could result in losses of forecasted revenue negatively impacting DHS' budget.

Honorable Board of Supervisors
May 13, 2008
Page 4

CONCLUSION

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,



for WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SRH:SAS
MLM:LT:yb

Attachments (2)

c: County Counsel
Director and Chief Medical Officer, Department of Health Services

051308_DHS_Financial Mgmt

EXHIBIT I

Contract No. H-700880-1

HEALTH CARE PLAN AND COMMERCIAL INSURANCE SAFETY NET SERVICES

AMENDMENT NO. 1

THIS AMENDMENT is made and entered into this _____ day
of _____, 2008,

by and between COUNTY OF LOS ANGELES (hereafter
"County"),

and CLARK, MASCARO, & AZIZ, P.C.
(hereafter "Contractor").

WHEREAS, reference is made to that certain document entitled
"HEALTH CARE PLAN AND COMMERCIAL INSURANCE SAFETY NET SERVICES",
dated January 4, 2005, and further identified as County Agreement
No. H-700880 (hereafter referred to as "Agreement" or
"Contract"); and

WHEREAS, it is the intent of the parties hereto to amend
Agreement to extend its term, and make other hereafter described
changes; and

WHEREAS, said Agreement provides that changes may be made in
the form of a written amendment which is formally approved and
executed by the parties.

NOW, THEREFORE, the parties hereto agree as follows:

1. This Amendment shall be effective July 1, 2008.

2. The first subparagraph of Paragraph 1, TERM, shall be replaced in its entirety to now read as follows:

"1. TERM:

The term of this Agreement shall commence January 4, 2005 and shall continue, unless sooner terminated or canceled, in full force and effect to and including midnight December 31, 2008. Said Agreement shall thereafter be automatically renewed on a month-to-month basis, without further action by the parties terminating March 31, 2009."

3. Paragraph 8, DELEGATION AND ASSIGNMENT, shall be replaced in its entirety to now read as follows:

"8. PROHIBITION AGAINST ASSIGNMENT AND DELEGATION:

A. The Contractor shall not assign its rights or delegate its duties under this Agreement, or both, whether in whole or in part, without the prior written consent of County, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this paragraph, County consent shall require a written amendment to the Agreement, which is formally approved and executed by

the parties. Any payments by the County to any approved delegatee or assignee on any claim under this Agreement shall be deductible, at County's sole discretion, against the claims, which the Contractor may have against the County.

B. Shareholders, partners, members, or other equity holders of Contractor may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, or divestment is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of the Agreement, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Agreement.

C. If any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without

consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of the Agreement which may result in the termination of this Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor."

4. Paragraph 30, TERMINATION FOR INSOLVENCY, DEFAULT, GRATUITIES, AND/OR IMPROPER CONSIDERATIONS, AND CONVENIENCE, shall be replaced in its entirety to now read as follows:

"30. TERMINATION FOR INSOLVENCY, DEFAULT, GRATUITIES, AND/OR IMPROPER CONSIDERATIONS, MATERIAL BREACH AND CONVENIENCE:

A. Termination for Insolvency: County may terminate this Agreement immediately for default in the event of the occurrence of any of the following:

(1) Insolvency of Contractor.

Contractor shall be deemed to be insolvent if it has ceased to pay its debts at least sixty (60) calendar days in the ordinary course of business or cannot pay its debts as they become due, whether Contractor has committed an act of bankruptcy or not, and whether Contractor is

insolvent within the meaning of the federal Bankruptcy Law or not;

(2) The filing of a voluntary or involuntary petition under the federal Bankruptcy Law;

(3) The appointment of a Receiver or Trustee for Contractor;

(4) The execution by Contractor of an assignment for the benefit of creditors. The rights and remedies of County provided in this Paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

B. Termination For Default: County may, by written notice of default to Contractor, terminate this Agreement immediately in any one of the following circumstances:

(1) If, as determined in the sole judgment of County, Contractor fails to perform any services within the times specified in this Agreement or any extension thereof as County may authorize in writing; or

(2) If, as determined in the sole judgment of County, Contractor fails to perform and/or comply with any of the other provisions of this Agreement, or so fails to make progress as to endanger performance of this Agreement in accordance with its terms, and in either of these two (2) circumstances, does not cure such failure within a period of five (5) calendar days (or such longer period as County may authorize in writing) after receipt of notice from County specifying such failure.

In the event that County terminates this Agreement as provided hereinabove, County may procure, upon such terms and in such manner as County may deem appropriate, services similar to those so terminated, and Contractor shall be liable to County for any reasonable excess costs incurred by County for such similar services.

The rights and remedies of County provided in this Paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

C. Termination For Gratuities and/or

Improper Consideration: County may, by written notice to Contractor, immediately terminate Contractor's right to proceed under this Agreement, if it is found that gratuities or consideration in any form, were offered or given by Contractor, either directly or through an intermediary, to any County officer, employee, or agent, with the intent of securing the Agreement or securing favorable treatment with respect to the award, amendment, or extension of the Agreement, or making of any determinations with respect to the Contractor's performance pursuant to the Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could in the event of default by Contractor.

Contractor shall immediately report any attempt by a County officer, employee, or agent, to solicit such improper gratuity or consideration. The report shall be made either to the County manager charged with the supervision of the employee or agent, or to the County Auditor-Controller's Employee Fraud Hotline at (800) 544-6861. (Among other items, such improper gratuities and considerations may take the form of cash,

discounts, services, the provision of travel or entertainment, or other tangible gifts.)

D. Termination For Breach: Notwithstanding any other provision of this Agreement, the failure of Contractor or its officers, employees, agents, or subcontractors, to comply with any of the terms of this Agreement or any written directions by or on behalf of County issued pursuant hereto shall constitute a material breach hereto, and this Agreement may be terminated by County immediately. County's failure to exercise this right of termination shall not constitute a waiver of such right, which may be exercised at any subsequent time.

E. Termination For Convenience: The performance of services under this Agreement may be terminated, with or without cause, in whole or in part, from time to time when such action is deemed by County to be in its best interest. Termination of services hereunder shall be effected by delivery to Contractor of a thirty (30) calendar day advance Notice of Termination specifying the extent to which performance of services under this Agreement is terminated and the date upon which such termination becomes effective.

After receipt of a Notice of Termination and except as otherwise directed by County, Contractor shall:

(1) Stop services under this Agreement on the date and to the extent specified in such Notice of Termination; and

(2) Complete performance of such part of the services as shall not have been terminated by such Notice of Termination.

Further, after receipt of a Notice of Termination, Contractor shall submit to County, in the form and with the certifications as may be prescribed by County, its termination claim and invoice. Such claim and invoice shall be submitted promptly, but not later than sixty (60) calendar days from the effective date of termination. Upon failure of Contractor to submit its termination claim and invoice within the time allowed, County may determine on the basis of information available to County, the amount, if any, due to Contractor in respect to the termination, and such determination shall be final. After such determination is made, County shall pay Contractor the amount so determined.

Contractor for a period of five (5) years after final settlement under this Agreement, in accordance with the Records and Audits Paragraph, herein, retain and make available all its books, documents, records, or other evidence, bearing on the costs and expenses of Contractor under this Agreement in respect to the termination of services hereunder."

5. Paragraph 31, CONTRACTOR RESPONSIBILITY AND DEBARMENT, shall be replaced in it entirely to now read as follows:

"31. CONTRACTOR RESPONSIBILITY AND DEBARMENT:

A. A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is County's policy to conduct business only with responsible contractors.

B. Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if County acquires information concerning the performance of Contractor on this or other contracts, which indicates that Contractor is not responsible, County may, in addition to other remedies provided in the contract, debar Contractor from bidding or proposing

on, or being awarded, and/or performing work on County contracts for a specified period of time, which generally will not exceed five (5) years or be permanent if warranted by the circumstances, and terminate any or all existing contracts Contractor may have with County.

C. County may debar Contractor if County's Board of Supervisors finds, in its discretion, that Contractor has done any of the following: (1) violated a term of a contract with County or a nonprofit corporation created by County, (2) committed an act or omission which negatively reflects on Contractor's quality, fitness or capacity to perform a contract with County, any other public entity, or a nonprofit corporation created by County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against County or any other public entity.

D. If there is evidence that Contractor may be subject to debarment, the Department will notify Contractor in writing of the evidence which is the

basis for the proposed debarment and will advise Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. Contractor and/or Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether contractor should be debarred, and if so, the appropriate length of time of the debarment. Contractor and the Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.

F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right at its sole discretion to modify, deny,

or adopt the proposed decision and recommendation of the Hearing Board.

G. If a Contractor has been debarred for a period longer than five (5) years, that Contractor may, after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of County.

H. The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the Contractor has been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or

termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing. The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

I. These terms shall also apply to any subcontractors of County Contractors."


6. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Agreement.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Director of Health Services, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Bruce A. Chernof, M.D.
Director and Chief Medical
Officer

CLARK, MASCARO, AND AZIZ, P.C.
Contractor

By 
Signature
John A. Clark
Print Name

Title Senior Partner
(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT
ADMINISTRATION:

Department of Health Services

By _____
Cara O'Neill, Chief
Contracts and Grants Division

02/07/08
cma.amendment.sd

EXHIBIT II

Contract No. H-300049

OUT-OF-STATE MEDICAID BILLING SERVICES

AMENDMENT NO. 3

THIS AMENDMENT is made and entered into this _____ day
of _____, 2008,

by and between COUNTY OF LOS ANGELES (hereafter
"County"),
and GREAT LAKES BILLING SERVICES
(hereafter "Contractor").

WHEREAS, reference is made to that certain document entitled "OUT-OF-STATE MEDICAID BILLING SERVICES", dated February 11, 2003, and further identified as County Agreement No. H-300049, and any amendments thereto (all hereafter "Agreement"); and

WHEREAS, it is the intent of the parties hereto to amend Agreement to extend its term, and make other hereafter described changes; and

WHEREAS, said Agreement provides that changes may be made in the form of a written amendment which is formally approved and executed by the parties.

NOW, THEREFORE, the parties hereto agree as follows:

1. This Amendment shall be effective September 1, 2008.

2. Paragraph 1, TERM, Subparagraph A, shall be replaced in its entirety to now read as follows:

"1. TERM:

A. The term of this Agreement shall commence February 11, 2003 and shall continue, unless sooner terminated or canceled, in full force and effect to and including midnight December 31, 2008. Said Agreement shall thereafter be automatically renewed on a month-to-month basis, without further action by the parties terminating March 31, 2009. This Agreement, and the particular services specified within the Agreement, may be canceled or terminated at any time by County with or without cause upon the giving of thirty (30) calendar days prior written notice to Contractor."

3. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Agreement.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

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Director of Health Services, and Contractor has caused this
Amendment to be subscribed in its behalf by its duly authorized
officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Bruce A. Chernof, M.D.
Director and Chief Medical
Officer

GREAT LAKES BILLING SERVICES
Contractor

By *James A. Knapp*
Signature

JAMES A.
Print Name

Title President
(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT
ADMINISTRATION:

Department of Health Services

By _____
Cara O'Neill, Chief
Contracts and Grants Division

03/24/06
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